there are things we can do, but don't destroy it by turning it over to the government. The government does very few things well. In fact, my colleagues complain about the way the government even handles wars. That's the one thing we can do in a quality fashion, but government-run health care is not something we want to turn over to the government.

□ 1030

WE MUST NOT LET OUR CONSTITUENTS DOWN

(Mr. LANGEVIN asked and was given permission to address the House for 1 minute.)

Mr. LANGEVIN. Mr. Speaker, as the Congress is working to resolve our Nation's health care crisis, I would like to take a moment to read an excerpt from a constituent's letter which I hope will serve as a reminder of why we are fighting for health care reform.

''Dear Congressman LANGEVIN,

''Ten years ago I was diagnosed with a brain tumor. As a single mother raising two children, I was nervous about supporting, feeding, clothing, and providing a roof over my children's heads. After my brain tumor was removed, I spent 30 days in the hospital. I was then terminated from my job. When I lost my job, I lost my health benefits. So I faced a choice that I don't want any other American to have to make—pay my mortgage or my COBRA premiums for continuing health coverage.''

Signed, Nancy from Warwick, RI.

Mr. Speaker, choosing between your home and your life, it's not a decision that any American should have to face. In fact, catastrophic illness or accident is one of the leading causes of bankruptcy in America, and that shouldn't happen. We have an opportunity and an obligation to reform our health care system. We must not let our constituents down.

OUR BROKEN HEALTH CARE SYSTEM

(Mr. POLIS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. POLIS. Mr. Speaker, health care reform is the single most important step we can take to help families and rebuild our economy. Our health care system is broken, and only a comprehensive fix will end the suffering of so many from sickness and financial insecurity.

Today, I want to share the story of Alicia Varela, a 56-year-old resident in my district in Colorado. Like many Americans, Alicia followed her dreams, bravely left her home, and moved to the United States—legally—where, like many other Americans, she's paid into the system, and like many Americans, her employer does not provide health insurance.

With common but pricey preexisting arthritis and blood clot conditions, Alicia could not afford the high prices quoted by private insurance companies. But when tragedy struck and she became seriously ill, like many Americans, Alicia went to the emergency room as a last resort. By the time she was rushed into surgery, her situation was so severe that doctors removed a tumor that weighed 10 pounds. She isn't 100 percent better and she doesn't know what to do.

Her salary, while too high to qualify for Medicaid, is nowhere near enough to cover the high costs for a hospital stay. She can't afford costly medications and copes each day with pain and financial worries.

I encourage my colleagues to join me to help Alicia and many Americans like her.

RECISION

(Ms. SPEIER asked and was given permission to address the House for 1 minute.)

Ms. SPEIER. I would like to talk about a dirty little secret about the insurance industry. It's called recision, and the health care reform bill will ban it.

Consumers who have paid their premiums on time for years are suddenly cut loose by their insurer because they have the audacity of getting ill. These are people with severe medical conditions who depend on their coverage. It could be devastating when the lifeline that they've paid for is suddenly yanked away.

A woman recently addressed the Congress about having an insurance policy canceled days before her mastectomy surgery. The reason, she was told, is because she didn't disclose on her application that she had suffered from acne.

Recision is an inhumane and abusive practice. The good news is recision is outlawed in the House health care reform bill. Never again should anyone have to worry that their insurance that they've paid for will be canceled if they get sick.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, the Chair will postpone further proceedings today on motions to suspend the rules on which a recorded vote or the yeas and nays are ordered, or on which the vote incurs objection under clause 6 of rule XX.

Record votes on postponed questions will be taken later.

IMPROVED OVERSIGHT BY FINANCIAL INSPECTORS GENERAL ACT OF 2009

Mr. MOORE of Kansas. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 3330) to amend the Federal Deposit Insurance Act and the Federal Credit Union Act to provide more effective reviews of losses in the Deposit Insurance Fund and the Share Insurance Fund by the Inspectors General of the several Federal banking agencies and the National Credit Union Administration Board, and for other purposes.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 3330

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Improved Oversight by Financial Inspectors General Act of 2009''.

SEC. 2. AMENDMENT TO DEFINITION OF MATERIAL LOSS AND NONMATERIAL LOSSES TO THE DEPOSIT INSURANCE FUND FOR PURPOSES OF INSPECTORS GENERAL REVIEWS.

(a) IN GENERAL.—Section 38(k) of the Federal Deposit Insurance Act (U.S.C. 1831o(k)) is amended—

(1) in paragraph (2), by striking subparagraph (B) and inserting the following new subparagraph:

''(B) MATERIAL LOSS DEFINED.—The term 'material loss' means any estimated loss in excess of $200,000,000, occurring after March 31, 2009.'';

(2) in that portion of paragraph (4)(A) that precedes clause (i), by striking ''the report'' and inserting ''any reports under this subsection on losses'';

(3) by striking paragraph (6);

(4) by redesignating paragraph (5) as paragraph (6); and

(5) by inserting after paragraph (4) the following new paragraph:

''(5) LOSSES THAT ARE NOT MATERIAL.—

''(A) SEMIANNUAL REPORT.—For the 6-month period ending on September 30, 2009, and each 6-month period thereafter, the Inspector General of each Federal banking agency shall—

''(i) identify losses estimated to be incurred by the Deposit Insurance Fund during that 6-month period with respect to insured depository institutions supervised by such Federal banking agency;

''(ii) for each loss to the Deposit Insurance Fund (as a loss to such Fund is defined in paragraph (2)(A)) that is not a material loss, determine the grounds identified by the Federal banking agency or State bank supervisor under section 11(c)(5) for appointing the Corporation as receiver and whether any unusual circumstances exist that might warrant an in-depth review of the loss; and

''(iii) prepare a written report to the appropriate Federal banking agency and for the Congress on the results of the Inspector General's determinations, including—

''(I) the identity of any loss that warrants an in-depth review and the reasons why such review is warranted, or if the Inspector General determines that no review is warranted, an explanation of such determination; and

''(II) for each loss identified in subclause (I) that warrants an in-depth review, a date by which such review, and a report on the review prepared in a manner consistent with reports under paragraph (1)(A), will be completed.

''(B) DEADLINE FOR SEMIANNUAL REPORT.—The Inspector General of each Federal banking agency shall—

''(i) comply with the semiannual report requirements of paragraph (A) expeditiously, and in any event within 90 days after the end of the 6-month period covered by the report; and ''(ii) provide a copy of the report to any Member of Congress upon request.''.

(b) TECHNICAL AND CONFORMING AMENDMENT.—The heading for subsection (k) of section 38 of the Federal Deposit Insurance Act (U.S.C. 1831o(k)) is amended—

(1) by striking ''REVIEW'' and inserting ''REVIEWS''; and

(2) by striking ''MATERIAL LOSS'' and inserting ''LOSSES''.

SEC. 3. AMENDMENT TO DEFINITION OF MATERIAL LOSS AND NONMATERIAL LOSSES TO THE NATIONAL CREDIT UNION SHARE INSURANCE FUND FOR PURPOSES OF INSPECTORS GENERAL REVIEWS.

(a) IN GENERAL.—Subsection (j) of section 216 of the Federal Credit Union Act (12 U.S.C. 1790d(j)) is amended to read as follows:

''(j) REVIEWS REQUIRED WHEN SHARE INSURANCE FUND EXPERIENCES LOSSES.—

''(1) IN GENERAL.—If the Fund incurs a material loss with respect to an insured credit union, the inspector general of the Board shall—

''(A) make a written report to the Board reviewing the Administration's supervision of the credit union (including the Administration's implementation of this section), which shall—

''(i) ascertain why the credit union's problems resulted in a material loss to the Fund; and

''(ii) make recommendations for preventing any such loss in the future; and

''(B) provide a copy of the report to—

''(i) the Comptroller General of the United States; (ii) the Corporation (if the agency is not the Corporation);

''(ii) in the case of a State credit union, the appropriate State supervisor; and

''(iii) upon request by any Member of Congress, to that Member.

''(2) MATERIAL LOSS DEFINED.—For purposes of determining whether the Fund has incurred a material loss with respect to an insured credit union, a loss is material if it exceeds the sum of—

''(A) $25,000,000; and

''(B) an amount equal to 10 percent of the total assets of the credit union at the time at which the Board initiated assistance under section 1788 of this title or was appointed liquidating agent.

''(3) PUBLIC DISCLOSURE REQUIRED.—

''(A) IN GENERAL.—The Board shall disclose a report under this subsection upon request under section 552 of title 5 without excising—

''(i) any portion under section 552(b)(5) of that title; or

''(ii) any information about the insured credit union (other than trade secrets) or paragraph (8) of section 552(b) of that title.

''(B) EXCEPTION.—Subparagraph (A) shall not be construed as requiring the agency to disclose the name of any customer of the insured credit union (other than an institution-affiliated party), or information from which such a person's identity could reasonably be ascertained.

''(4) LOSSES THAT ARE NOT MATERIAL.—

''(A) SEMIANNUAL REPORT.—For the 6-month period ending on September 30, 2009, and each 6-month period thereafter, the Inspector General of the Board shall—

''(i) identify losses estimated to be incurred by the Fund during that 6-month period with respect to insured credit unions;

''(ii) for each loss to the Fund that is not a material loss, determine the grounds identified by the Board or the State official having jurisdiction over a State credit union for appointing the Board the liquidating agent for any Federal or State credit union and whether any unusual circumstances exist that might warrant an in-depth review of the loss; and

''(iii) prepare a written report to the Board and for the Congress on the results of the Inspector General's determinations, including—

''(I) the identity of any loss that warrants an in-depth review and the reasons why such review is warranted, or if the Inspector General determines that no review is warranted, an explanation of such determination; and

''(II) for each loss identified in subclause (I) that warrants an in-depth review, a date by which such review, and a report on the review prepared in a manner consistent with reports under paragraph (1)(A), will be completed.

''(B) DEADLINE FOR SEMIANNUAL REPORT.—The Inspector General of the Board shall—

''(i) comply with the semiannual report requirements of paragraph (A) expeditiously, and in any event within 90 days after the end of the 6-month period covered by the report; and

''(ii) provide a copy of the report to any Member of Congress upon request.

''(5) GAO REVIEW.—The Comptroller General of the United States shall, under such conditions as the Comptroller General determines to be appropriate, review reports made under paragraph (1), including the extent to which the Inspector General of the Board complied with section 8L of the Inspector General Act of 1978 with respect to each such report, and recommend improvements in the supervision of insured credit unions (including the implementation of this section).''.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Kansas (Mr. MOORE) and the gentleman from New York (Mr. LEE) each will control 20 minutes.

The Chair recognizes the gentleman from Kansas.

GENERAL LEAVE

Mr. MOORE of Kansas. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on this legislation and to insert extraneous material thereon.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Kansas?

There was no objection.

Mr. MOORE of Kansas. Mr. Speaker, I yield 5 minutes to the chief sponsor to this bipartisan legislation, a strong proponent in this Congress for tougher oversight, the gentleman from Ohio (Mr. DRIEHAUS).

Mr. DRIEHAUS. Mr. Speaker, I want to thank the subcommittee chairman for all of his support in this legislation, and also my colleague on the other side of the aisle, Mr. LEE from New York, for his tremendous support.

This is simply a good government bill, Mr. Speaker. H.R. 3330 is about protecting the financial institutions but providing efficiency, efficiency when it comes to the Inspectors General.

What we're dealing with today is material loss reviews, and right now we have a problem in the United States in that our Inspectors General, who are charged with conducting material loss reviews, can't keep up with the number of financial institutions who are experiencing these losses.

So we have been requested by the FDIC to look at the threshold. And what this bill does is it increases the threshold in the case of our financial institutions from $25 million in losses to $200 million in losses. And in the case of our credit unions, from $10 million in losses to $25 million in losses.

And if I might, Mr. Speaker, I would like to read briefly from a letter dated July 17, 2009, from Jon Rymer, the Inspector General of the FDIC. And in this letter, Mr. Rymer says, As of today, my office has conducted and completed nine material loss reviews under section 38(k) of the Federal Deposit Insurance Act. We now have an additional 31 reviews in the planning or production phase.

Based on publicly available projections alone, we believe the numbers of reviews that will be required under the law as it presently exists will continue to grow significantly in the foreseeable future.

We require that the Inspectors General complete these reviews within 6 months. And right now, given the threshold, they simply don't have the ability to do that. So this is a good government measure, a good government measure that without increasing spending, without increasing taxes, we make government more efficient. And it's simply increasing the threshold to allow the Inspectors General to do their jobs while at the same time allowing them to look at the smaller financial institutions if such reviews are warranted.

Mr. LEE of New York. Mr. Speaker, at this time I yield myself such time as I may consume.

I want to applaud my friend from Ohio (Mr. DRIEHAUS) for showing leadership on this very bipartisan bill that will have a very positive effect in helping to turn around very important agencies that provide oversight.

I also want to thank the chairman of our Oversight and Investigations Subcommittee, Mr. MOORE, and our ranking member, Mrs. BIGGERT, for holding that hearing and helping this legislation come to the floor.

The IG for Treasury said, ''We have either shut down or indefinitely deferred nearly all critical audits in other Treasury high-risk programs.'' And as Mr. DRIEHAUS pointed out, this is a significant problem.

As a matter of comparison, Treasury is currently conducting 16 MLRs. Before 2007, the office had not conducted a review of this nature in almost 5 years. Meanwhile, the IG for the Federal Reserve said that these reviews make up almost 40 percent of her workload. The FDIC IG informed us that the 36 employees in his audit office are currently handling 20 reviews.

At the end of the day, when you have these auditors focus solely on bank failures, that's time taken away from other aspects of this economic crisis, not to mention critical oversight areas like terrorist financing.

The measure we are considering today, the Improved Oversight by Financial Inspectors General Act, raises the threshold for material loss reviews from $25 million to $200 million for banks and from $10 million to $25 million for credit unions. This will help give the Inspectors General the leeway they need to hone in on the cases in need of the most attention, because it's through that work that we will find what actions need to be addressed to restore taxpayer and investor confidence in our financial system.

I also want to note that this legislation is crafted responsibly and that it takes steps forward to ensure fraud does not go undetected. So, if the IGs see a need to conduct a review below the threshold, there is no problem. And when fraud is suspected, they will be able to move forward.

Mr. Speaker, it's an easy fix we can implement right now to lend our financial watchdogs a hand and provide them with the tools and resources they need to get the job done. I urge my colleagues to support the adoption of this important bipartisan measure.

I reserve the balance of my time.

Mr. MOORE of Kansas. Mr. Speaker, I yield myself 4 minutes.

As a former district attorney for 12 years and chairman of the House Financial Services Oversight and Investigation Subcommittee, one of my priorities is to make sure that our Inspectors General have all of the tools and the resources they need to continue and improve their important oversight work.

In January, the IGs for the Treasury, Fed, and FDIC wrote to request that Congress raise the material loss review, or MLR, threshold so they could focus on other high-priority areas of potential waste, fraud, and abuse.

The National Credit Union Administration IG later made a similar request, Mr. Chairman. In addition to a higher threshold, the IGs suggested adding a requirement that for failed banks falling below the new threshold, an initial assessment still be taken to ''ensure that unusual or potentially significant situations are not missed.''

During an O&I hearing we held on this issue in May, I was disturbed to learn that without a modernized MLR system, the current system would limit the IGs' ''ability to effectively oversee many of the new and significant programs and initiatives that the Federal banking agencies are undertaking to address current economic conditions.'' We must address this problem.

I commend Congressman DRIEHAUS from Ohio, a member of our Oversight Subcommittee, for drafting a bipartisan bill that will do just that. I also thank our colleagues on the other side of the aisle, Congressman LEE of New York and our O&I Subcommittee ranking member, Congresswoman BIGGERT of Illinois, for their hard work in drafting this bill. The improved oversight by the Financial Inspectors General Act will put in place a $200 million MLR threshold for bank IGs and $25 million for the credit union IGs with new, stronger protections that will ensure proper oversight is conducted of any failed institution that costs even a dollar.

In a letter dated July 17, Jon Rymer, the FDIC's Inspector General, commented on the bill, writing: ''I believe this legislation is a reasonable and prudent compromise that will our workload but preserve meaningful, independent oversight by my office, as well as other Inspectors General tasked with similar reviews.''

And I couldn't agree more, and I urge my colleagues to support H.R. 3330 to improve oversight of our financial agencies.

I reserve the balance of my time.

Mr. LEE of New York. Mr. Speaker, I yield 3 minutes to the gentlelady from the fine State of Illinois (Mrs. BIGGERT).

Mrs. BIGGERT. I thank the gentleman for yielding.

Mr. Speaker, I rise in support of the improved Oversight by Financial Inspectors General Act of 2009. I would like to thank my colleagues, Mr. DRIEHAUS and Mr. LEE, for introducing this bill and thank the chairman of our Oversight and Investigations Subcommittee, Mr. MOORE, for his work on this issue.

H.R. 3330 makes technical corrections to the monetary thresholds that trigger Inspectors General to launch an investigation in the failure of a financial institution. Financial Inspectors General must dedicate resources and personnel to investigate failures like that of AIG because their finding can present critical evidence about what caused the financial crises. Congress, Federal regulators, and the administration can better target reform to our broken financial regulatory system.

In May, the Financial Services Committee on Oversight and Investigations held a hearing on the role of financial services Inspectors General. We heard from Inspectors General about their difficult task to tackle the waste, fraud, and abuse that is at the heart of our financial crisis.

Fraud and abuse were two of many significant factors that contributed to the financial crisis, especially in Chicago. In March, the U.S. Attorney General in Chicago, Patrick Fitzgerald brought mortgage fraud indictments against two dozen players. They are brokers, accountants, loan officers, processors, and attorneys.

Mortgage fraud comes in all shapes and sizes. Scam artists inflate appraisals, flip properties, and lie about information including income and identity on loan applications. Some use the identity of deceased people to obtain mortgages, and other desperate thieves bilked out of their homes and home equity the most vulnerable homeowners and seniors in dire financial straits.

□ 1045

To get the economy back on track and credit flowing again, we have to address what was at the root of the mortgage meltdown in the first place, and that is mortgage fraud.

Inspectors General hold key positions to investigate mortgage fraud and really get to the bottom of the turmoil that plagues today's financial markets; what went wrong, who broke the law, were the laws enforced, were laws and regulations adequate. To restore confidence in our markets and address any failings in our system of regulation, including enforcement, we must determine the answer to these questions. The sooner we get to the root of these matters, the sooner we can get the financial institutions off the Federal dole and our financial markets and economy back on track. H.R. 3330 will help us get there.

I applaud all of the Members who have worked so hard on this issue and urge my colleagues to support the bill.

Mr. Speaker, I yield back the balance of my time.

Mr. MOORE of Kansas. Mr. Speaker, I include for the RECORD letters from the Inspectors General on these issues.

JANUARY 9, 2009.

Hon. BARNEY FRANK,
Chairman, Committee on Financial Services, House of Representatives, Washington, DC.

DEAR CHAIRMAN FRANK: We are writing to request that the Congress consider increasing the threshold for conducting material loss reviews (MLR) on failed financial institutions. The current $25 million threshold has been in effect for about 25 years and, in light of the current economic environment, is no longer serving as a reasonable measure of materiality or a meaningful trigger point for an Office of Inspector General (OIG) review of the failed financial institution. If this current threshold remains in effect, we anticipate that the projected volume of MLR work—and the time and resources that this work demands—will limit the OIGs' ability to effectively oversee many of the new and significant programs and initiatives that the Federal banking agencies are undertaking to address current economic conditions.

Section 38(k) of the Federal Deposit Insurance Act mandates OIG reviews of certain material losses to the Deposit Insurance Fund (the Fund) when federally supervised banks fail. In general terms, the purpose of the MLR is to determine the causes for the institution's failure and resulting loss to the Fund, and assess the banking agency's supervision of the failed institution. A loss is considered material if the loss is estimated to exceed $25 million or 2 percent of the institution's total assets at the time the Federal Deposit Insurance Corporation (FDIC) was appointed receiver. The Act further requires that the OIG report be completed within 6 months after it becomes apparent that a material loss has been incurred.

As of today, the OIGs from the FDIC, Department of the Treasury, and the Board of Governors of the Federal Reserve System are performing a total of 18 MLRs, with projected losses ranging from $36 million to $8.9 billion. At the current threshold and as economic conditions continue to worsen, we anticipate the number of reviews to increase. As we are actively conducting these reviews, we are discovering that MLRs at the lower end of the threshold appear to provide little, if any, new perspectives or insights regarding the cause of the failure beyond what we initially discerned at the closure. We are, nevertheless, bound by professional standards to invest time and resources to conduct a thorough review of each individual failure. Expending our scarce resources on these reviews limits our ability to oversee the new initiatives that the banking agencies are undertaking to deal with the current economic crisis affecting open financial institutions.

We believe that increasing the MLR threshold would better serve the Congress by providing the OIGs with increased flexibility to refocus scarce resources to the wide-ranging programs and initiatives that the agencies are now managing, while continuing to ensure that significant failures receive an appropriate, in-depth review. As such, we recommend modifying the threshold for a material loss to an amount between $300 and $500 million. The $500 million figure is the materiality threshold used by the Government Accountability Office (GAO) when conducting the Fund's financial statement audit, and has proven appropriate for that purpose over the years. Looking at the current inventory of 18 MLRs, only six would have been required with a $300–$500 million threshold. To ensure that unusual or potentially significant situations are not missed, we also recommend language that would allow the OIG to initiate an MLR of an institution with a projected loss below the increased threshold, should circumstances (i.e., indications of fraud) warrant.

Last year, we participated in a discussion initiated by one of your professional staff members on the merits of increasing this threshold, and were encouraged to raise this issue if circumstances warranted. We believe such circumstances have arrived. We are sending a similar letter to the Committee's Ranking Member and the Chairman and Ranking Member of the Senate Committee on Banking, Housing and Urban Affairs to share our concerns.

Thank you for considering our request to amend Section 38(k) to increase the MLR threshold. We would welcome the opportunity to discuss our concerns and possible solutions with you in more detail.

Sincerely,

JON T. RYMER,
Inspector General, Federal Deposit Insurance Corporation.

ERIC M. THORSON,
Inspector General, Department of the Treasury.

ELIZABETH A. COLEMAN,
Inspector General, Board of Governors of the Federal Reserve System.

FEDERAL DEPOSIT
INSURANCE CORPORATION,
Arlington, VA, July 17, 2009.

Hon. BARNEY FRANK,
Chairman, Committee on Financial Services, House of Representatives, Washington, DC.

DEAR CHAIRMAN FRANK: I am writing to thank you for your support of the draft Deposit Insurance Fund Loss Review Act legislation, which was provided to us by Subcommittee staff a few days ago. I support the draft legislation as written and want to take this opportunity to emphasize my view that prompt action is needed.

As I testified before the Subcommittee on Oversight and Investigations several months ago, our resources permit us to conduct approximately 21 to 22 reviews at any one time, consistent with the statutory requirement that the reviews be completed within a 6-month period from the time it becomes apparent that the Deposit Insurance Fund has sustained a ''material loss.'' I reported to the Subcommittee that we have stretched and leveraged our resources, but we nevertheless recently issued one report, and anticipate issuing two additional reports, outside of that 6-month window. In order to forestall future reporting delays and address the large increase in our workload, I have undertaken a review of our current approaches to conducting our work and am considering alternatives ranging from additional contracting for external audit services to the potential reorganization of the Office of Inspector General.

As of today, my office has conducted and completed nine material loss reviews under Section 38(k) of the Federal Deposit Insurance Act. We now have an additional 31 reviews in the planning or production phase. Based on publicly-available projections alone, we believe the number of reviews that will be required under the law as it presently exists will continue to grow significantly in the foreseeable future.

In raising the threshold for a ''material loss'' to $200,000,000, as of March 31, 2009, the draft legislation would reduce our current requirement from 31 to 7 reports. The legislation would also require us to perform a shortened review of all failures, thus ensuring that (1) the reasons for even smaller losses to the Deposit Insurance Fund are properly understood, (2) important lessons to be learned from failures of financial institutions that do not rise to the new threshold level are nevertheless captured to improve future bank supervision, and (3) this information is duly and regularly reported to the Congress. I believe this legislation is a reasonable and prudent compromise that will reduce our workload but preserve meaningful, independent oversight by my office, as well as other Inspectors General tasked with similar reviews.

Thank you for your interest in this issue. We are sending a similar letter to the Committee's Ranking Member, the Chairman and Ranking Member of the Subcommittee on Oversight and Investigations, and Representative Steven Driehaus of the Subcommittee on Oversight and Investigations. We are also sending a letter to the Chairman and Ranking Member of the Senate Committee on Banking, Housing and Urban Affairs encouraging their support of this draft legislation. I welcome the opportunity to discuss our concerns with you and other interested parties.

Sincerely,

JON T. RYMER,
Inspector General.

Mr. Speaker, I yield myself 2 minutes and invite Congressman DRIEHAUS to join me for purposes of a colloquy.

Congressman DRIEHAUS, to be clear, nothing in your legislation would change current law that requires all Inspectors General, at the Treasury Department, Federal Reserve Board, FDIC or NCUA, to post material loss review reports online within 3 days. That is what I understand. Is this your understanding as well, sir?

Mr. DRIEHAUS. Yes, that is correct. The purpose of H.R. 3330 is to increase and improve oversight conducted by the Inspectors General. Congress and our constituents will continue to learn important information from these material loss review reports, posted online within 3 days, so we can better understand why financial institutions failed. My bill will not change that at all.

Mr. MOORE of Kansas. Thank you for making that clear. Thank you for the colloquy.

Mr. Speaker, I reserve the balance of my time.

Mr. LEE of New York. Mr. Speaker, I yield 2 minutes to my good friend from Minnesota (Mr. PAULSEN).

Mr. PAULSEN. Mr. Speaker, I thank the gentleman for yielding and for his leadership on this issue, as well as the leadership of Mr. DRIEHAUS from Ohio.

I rise today in support of H.R. 3330, the Improved Oversight by Financial Inspectors General Act. In the wake of the financial crisis, it is so important that we make sure that our Federal banking supervisory resources are deployed where they are best going to be the most effective, and the financial crisis and the increased number of bank failures that have followed have exposed some very outdated provisions in existing law that are now placing some onerous reporting requirements on the financial inspectors general.

It is using precious time, and it is really diverting some really crucial resources. So this bill is going to update the standard that was first set 25 years ago that will trigger a material loss review for a failed financial institution.

Now, the financial Inspectors General have assured us that this does not mean there will be insufficient review of failures in the future, but rather there is now going to be a smarter review concerning large bank failures and any small bank failures that occur where there are special circumstances, and that is something that can be learned.

So I would urge my colleagues to support this very bipartisan legislation. It has been a pleasure working with my colleagues on both sides of the aisle on this. We should put our focus and attention now, and that of the Inspectors General, where it can be most effective to protect taxpayers and financial institutions.

Mr. LEE of New York. Mr. Speaker, this is a good, commonsense, bipartisan bill. I urge its passage, and I yield back the balance of my time.

Mr. MOORE of Kansas. Mr. Speaker, I yield 1 minute to the gentleman from Ohio (Mr. DRIEHAUS) to close.

Mr. DRIEHAUS. Mr. Speaker, I thank the chairman.

Mr. Speaker, I believe this is a good, commonsense bill. This is about helping our Inspectors General do their job and do it well. We have heard from both sides of the aisle how important the work they are doing is to the health and safety of our financial institutions and to our financial system. I would encourage all of my colleagues to support this good-government piece of legislation. I thank them for their support.

Mr. MOORE of Kansas. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Kansas (Mr. MOORE) that the House suspend the rules and pass the bill, H.R. 3330.

The question was taken; and (two-thirds being in the affirmative) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

RURAL HOMEOWNERS PROTECTION ACT OF 2009

Mr. MOORE of Kansas. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 2034) to permit refinancing of certain loans under the Rural Housing Service program for guaranteed loans for rural housing, and for other purposes.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 2034

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Rural Homeowners Protection Act of 2009''.

SEC. 2. SINGLE FAMILY HOUSING LOAN GUARANTEE PROGRAM.

Subsection (h) of section 502 of the Housing Act of 1949 (42 U.S.C. 1472(h)) is amended—

(1) in paragraph (5)(A), by striking ''paragraph (13)'' and inserting ''paragraph (15)'';

(2) in paragraph (8), by striking ''1 percent'' and inserting ''2 percent'';

(3) in paragraph (9), by striking ''REFINANCING'' and inserting ''MODIFICATION OF GUARANTEED LOANS'';

(4) in paragraph (14)—

(A) by striking ''GUARANTEES FOR REFINANCING LOANS'' and inserting ''REFINANCING OF LOANS MADE OR GUARANTEED BY SECRETARY''; and

(B) in subparagraph (E)—

(i) by striking ''(10)'' and inserting ''(12)''; and

(ii) by striking ''(13)'' and inserting ''(9) or of paragraphs (11) through (14)'';

(5) by redesignating paragraphs (10), (11), (12), (13), and (14) as paragraphs (12), (13), (14), (15), and (10), respectively;

(6) by transferring and inserting paragraph (10), as so redesignated by paragraph (5) of this subsection, after paragraph (9); and

(7) by inserting after paragraph (10), as so redesignated and transferred by paragraphs (5) and (6) of this subsection, the following new paragraph:

''(11) REFINANCING OF LOANS MADE BY PRIVATE SECTOR LENDERS.—

''(A) AUTHORITY.—The Secretary may, in accordance with this paragraph, guarantee a loan made to refinance a loan made by a private lender to an individual to acquire or construct a single-family residence.

''(B) ELIGIBILITY.—Except as provided in subparagraph (C), all requirements of this subsection shall apply to loans guaranteed and loan guarantees made under this paragraph.

''(C) GUARANTEE FEE.—Notwithstanding paragraph (8), the Secretary shall charge a guarantee fee with respect to loans guaranteed under this paragraph at levels necessary, but no higher than needed, to allow such class of loans to be guaranteed without resulting in a need for an appropriation for a credit subsidy.''.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Kansas (Mr. MOORE) and the gentlewoman from West Virginia (Mrs. CAPITO) each will control 20 minutes.

The Chair recognizes the gentleman from Kansas.

GENERAL LEAVE

Mr. MOORE. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days within which to revise and extend their remarks on this legislation and to insert extraneous material thereon.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Kansas?

There was no objection.

Mr. MOORE of Kansas. I yield 3 minutes to the chief sponsor of this important legislation, the gentleman from Missouri (Mr. CLAY).

Mr. CLAY. Mr. Speaker, as the sponsor of this measure, I am pleased to present H.R. 2034 for consideration by the House today.

The current foreclosure crisis affects rural America, as well as cities and suburbs. Many rural areas are subject to additional complicating factors, such as a shortage of housing, counseling resources, and high poverty rates. Nevertheless, homeowners with average incomes under $19,000 per year are 98.3 percent successful when serviced through section 502 single-family housing direct or guaranteed loan programs. The foreclosure rate in both of these programs is below 2 percent, as compared to a 5 to 6 percent subprime foreclosure rate overall.

Under current law, rural families who obtain a mortgage from a private lender for the purpose of acquiring or constructing a single-family residence are not permitted to refinance such loans through the section 502 Rural Housing Guaranteed Loan program. To address this issue, the bill would provide the Secretary of Agriculture with the authority to permit the refinancing of such loans through the section 502 Rural Housing Guaranteed Loan program.

Rural families who meet current income and geographic criteria would be eligible to refinance their private loan. As such, this new authority will provide some much-needed relief to our rural housing community and complement efforts by the administration to stabilize communities by helping struggling homeowners stay in their homes.

The Rural Housing Service estimates that this new authority would significantly increase loan volume under the section 502 guaranteed loan program. To address this issue, the bill includes a provision giving the Secretary of Agriculture the authority to charge a higher guarantee fee than the 2 percent fee that is permitted under current law to help ensure that the expected increased loan volume does not require additional congressional appropriations.

The higher fee would apply to private loans and could be no higher than is necessary to ensure that no appropriation is needed. Consequently, the CBO has indicated that the bill is cost-neutral.

I commend Chairman FRANK and Subcommittee Chairwoman WATERS for bringing this legislation to the floor. I urge all of my colleagues to support the bill.

Mrs. CAPITO. Mr. Speaker, I yield such time as I may consume.

Mr. Speaker, I rise in support, strong support, of H.R. 2034, the Rural Homeowners Protection Act of 2009. As my colleague has stated, the current foreclosure crisis affects rural America as well as cities and suburbs; and many rural areas are subject to additional complicating factors, such as high poverty rates.

The section 502 Rural Housing Guaranteed Loan program is an important source of funding in rural areas for moderate-income families wishing to purchase a home. As currently structured, the 502 program guarantees loan origination and allows refinancing on current 502 loans. However, it does not allow refinancing of loans obtained through private lenders.

H.R. 2034 amends the section 502 Single Family Housing Loan Guarantee program to allow refinancing of private rural loans through the section 502 program.

To safeguard the program, the bill authorizes the Secretary of Agriculture to charge a higher fee for refinancing private origination loans to ensure that the class of loans can be guaranteed without the need of additional cost to the government.

Mr. Speaker, this is an important change that will provide much-needed assistance in our rural communities. I urge my colleagues to support H.R. 2034, the Rural Homeowners Protection Act of 2009.

Mr. Speaker, I have no further speakers, and I yield back the balance of my time.

Mr. MOORE of Kansas. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Kansas (Mr. MOORE) that the House suspend the rules and pass the bill, H.R. 2034.

The question was taken; and (two-thirds being in the affirmative) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

NEIGHBORHOOD PRESERVATION ACT

Mr. MOORE of Kansas. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 2529) to amend the Federal Deposit Insurance Act to authorize depository institutions and depository institution holding companies to lease foreclosed property held by such institutions and companies for up to 5 years, and for other purposes, as amended.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 2529

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Neighborhood Preservation Act''.

SEC. 2. FINDINGS.

The Congress finds as follows:

(1) Depository institutions and affiliates of depository institutions currently may control and lease foreclosed property for a limited period of time often subject to safety